

Message Text

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TAGS: BDIS, EINV, ENRG, LI

SUBJECT: GOL SIGNS SALES AGREEMENT ON LIBERIA REFINING COMPANY

REFS: (A) STATE 137096 (B) MONROVIA 2951

1. MR. WALTER D. GILLIS, CHIEF COUNSEL TO SUN INTERNATIONAL, INC., REPORTED TO EMBOFF THAT THE GOVERNMENT OF LIBERIA (GOL) SIGNED SALES AGREEMENT ON JUNE 23, 1978 WHICH HAD BEEN SIGNED EARLIER BY SUN-DYNALECTRON COVERING THE PURCHASE OF LIBERIA REFINING COMPANY ASSETS BY GOL.

2. BEFORE THE AGREEMENT CAN BE IMPLEMENTED, HOWEVER, A REPAYMENT SCHEDULE MUST BE ARRANGED BETWEEN THE GOL AND THE BANK OF LIBERIA FOR AN OUTSTANDING MORTGAGE ON REFINERY ASSETS WHICH IS HELD BY THE BANK. THE MORTGAGE ON REFINERY ASSETS (CRUDE AND REFINED PRODUCTS) WAS ARRANGED DURING THE PERIOD WHEN BANK OF LIBERIA WAS FINANCING THE REFINERY'S IMPORTS OF CRUDE. FINANCE MINISTER PHILLIPS AND MR. ROBERT JACKSON OF BANK OF LIBERIA ARE CURRENTLY WORKING OUT A REPAYMENT AGREEMENT ACCEPTABLE TO THE BANK. IT IS EXPECTED THAT THE MORTGAGE REPAYMENT AGREEMENT WILL INVOLVE ASSIGNING TO BANK OF LIBERIA ABOUT 2.5 MILLION DOLLARS IN REFINERY ACCOUNTS RECEIVABLE DUE FROM LIBERIA ELECTRICITY CORPORATION (LEC). THE BANK IS SEEKING TO OBTAIN THESE RECEIVABLES IN REGULAR MONTHLY INSTALLMENTS. AGREE-
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MENT BETWEEN THE GOL AND THE BANK IS EXPECTED SOON, FREEING THE MORTGAGE SO THAT FORECLOSURE AND SALE MAY PROCEED THROUGH THE COURTS. MR. GILLIS INDICATED THAT MINISTER PHILLIPS WOULD PROBABLY HAVE THE FORECLOSURE AND SALE SPECIALLY PLACED ON THE COURT DOCKET TO AVOID DELAY, HOPING CONCLUDE THESE MATTERS BY THE END OF JULY.

3. FOLLOWING FORECLOSURE AND SALE, THE REFINERY WILL THEN BE ENTERED INTO BANKRUPTCY COURT BY THE GOL. BANKRUPTCY PROCEEDINGS ARE EXPECTED TO LAST ABOUT ONE YEAR.

4. ACCORDING TO MR. GILLIS CHEMICAL BANK OF NEW YORK IS PROVIDING FINANCING OF ABOUT 15 MILLION DOLLARS TO GOL TO COVER PURCHASE OF THE REFINERY FROM SUN AND FOR INITIAL OPERATING CAPITAL.

5. EMPLOYEES AT REFINERY INDICATED TO GILLIS THAT PRODUCTION OF REFINED PRODUCTS COULD PROBABLY BE RESUMED BY THE END OF AUGUST.

6. GILLIS MENTIONED IN CONVERSATION THAT ORIGINAL EXPROPRIATION CHARGE PUBLISHED IN WALL STREET JOURNAL IN MAY OF LAST YEAR WAS PLACED BY DYNALECTRON CORPORATION, NOT SUN, AS PART OF LEGAL PUBLIC NOTICE REQUIREMENT UNDER SEC RULES AND TO SUPPORT INVESTMENT INSURANCE CLAIMS WITH LLOYDS OF LONDON. GILLIS SAID NO FURTHER COMMENTS OR RETRACTION OF EXPROPRIATION CHARGE WOULD BE PUBLISHED UNLESS INSISTENCE EXPRESSED BY GOL. SUBJECT HAS NOT COME UP IN RECENT MEETINGS. GILLIS SAID HEALTHY DEGREE OF MUTUAL TRUST AND RESPECT HAS DEVELOPED BETWEEN SUN AND GOL DURING NEGOTIATIONS AND THEY ARE PARTING AS FRIENDS.
CARTER

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